



Worksheet: Calculating what happens to a credit card balance

Fill in the table below by calculating the interest, new balance and total payment for each month for the two payment scenarios, \$25.00 per month and \$50.00 per month. Follow what happens to the balance for the scenarios and answer the questions below.

Note: If you pay off the balance in full when you get the first statement there will be no interest and the carry over balance will be zero.

Month	Balance	Interest	Payment	New Balance	Total of all Payments made until this time

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Questions:

How much do you save if you pay it off at the end of the first month?



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At the end of four months how much have you paid for the computer?

\$25 payment _____ \$50 payment _____ paid in full _____

At the end of four months how much do you still owe on the computer?

\$25 payment _____ \$50 payment _____ paid in full _____

If you paid it off completely after four months how much will the computer have cost you?

\$25 payment _____ \$50 payment _____ paid in full _____

How many months do you think it would take before the 10% initial savings would not be worth opening the credit card? Estimate this period for each scenario.

Using the spreadsheet:

Given your initial purchase, use the spreadsheet for the following scenarios to figure out

- a. How long it will take to pay off the debt
 - b. The final price of the computer
 - c. The percent of that price that was interest on the original amount
1. 13.25% APR, \$25 payments
 2. 13.25% APR, \$50 payments
 3. 17.25% APR, \$25 payments
 4. 17.25% APR, \$25 payments
 5. 22.90% APR, \$25 payments
 6. 22.90% APR, \$25 payments

What is the monthly payment that will allow you to pay exactly \$1000 for your computer?